

1 February 17, 1993, the USPTO rejected registration of the Windows mark because it found that:

2 the term Windows is widely used, both by the public, consumers, and the relevant  
3 industry, to name a class of goods or a type of software, that is, a genus of goods, referred  
4 to as windows programs, or windowing software. The term Windows was in existence,  
5 and known, prior to adoption by the applicant. Since the term is a generic designation for  
6 the applicant's goods, then, no amount of evidence of de facto secondary meaning can  
7 render the term registrable.

8 Office Action of February 17, 1993 at 30 (Harris Decl. Ex. A, at MS000588) (emphasis in original). In  
9 a supplemental communication on February 22, 1993, the USPTO clarified a technicality from the  
10 February 17 action and reiterated its rejection of the registration attempt:

11 The applicant submitted sufficient evidence to present a *prima facie* claim of acquired  
12 distinctiveness of the mark. However, the claim of acquired distinctiveness must be  
13 refused, for the reasons stated in the Office action, namely (1) the term Windows is a  
14 generic term for a particular type of software including the applicant's goods, and (2) the  
15 evidence demonstrates that the applicant's use of the term is not exclusive. That is the  
16 term is used generically by the public and throughout the relevant industry.

17 Final Office Action of February 22, 1993 (Harris Decl. Ex. A, at MS000557)

18 The USPTO's rejection of Microsoft's registration of the Windows mark was supported by a  
19 Letter of Protest with numerous accompanying documents from Borland International, a company that  
20 had several registration applications pending for computer product trademarks containing the word  
21 "windows." After the February 22 Final Office Action, Microsoft submitted a Request for  
22 Reconsideration in August 1993 containing a thorough review of the legal arguments in the USPTO's  
23 Final Office Action, a review of the Letter of Protest's materials and a survey showing that 67% of  
24 relevant consumers identified Windows as a brand name. See Ferron Decl. ¶¶ 6-7, Exs. 1-2. Microsoft  
25 also obtained Borland's pending trademark applications for approximately \$1 million in the Fall of  
26 1993. Borland, which had vigorously challenged Microsoft's prior attempt at registering the Windows  
mark, filed no protest letter in Microsoft's renewed registration efforts. See Peterson Dep. at 114-118.  
In early 1995, the USPTO approved registration of the Windows trademark with no analysis or

1 explanation for its reversal of the original decision to refuse registration. See Peterson Dep. at 114-15.

2 Despite Microsoft's successful 1995 registration of the Windows trademark, many companies  
3 unaffiliated with Microsoft continue to use either the term "windows" or some portion of the term, such  
4 as "win" or "window". Dvorak Decl. ¶¶ 11, 19-20. The use of all or part of "windows" indicates either  
5 the incorporation of graphical windows as part of the user interface or compatibility with the Windows  
6 operating system. Id. Although Microsoft has taken efforts to enforce certain uses of its Windows  
7 trademark, see Ferron Decl. ¶¶ 10-14; Peterson Dep. at 32-33, it has not prevented literally hundreds of  
8 trademarks, domain names and products from incorporating all or a portion of "windows" in their  
9 names. See Naga Decl. ¶¶ 3-11, Exs. B-O.

#### 11 **IV. Promotion and Sales of Microsoft Windows**

12 Microsoft has enjoyed considerable success from the sale of Windows, receiving more than  
13 \$36.5 billion in revenues from Windows products between fiscal years 1992 and 2001 and \$21.7 billion  
14 in the past three fiscal years alone. See Van Alstyne Decl. ¶ 4. During that same nine year period  
15 Microsoft issued more than 677 million licenses for its Windows products and currently has an installed  
16 user base of approximately 380 million, making it the operating system used on over 90% of the Intel-  
17 compatible personal computers in the world. See id. ¶¶ 5, 7; Microsoft I, 84 F. Supp. 2d at 19. The  
18 company's dominance in the operating system market is due in part to the substantial expenditures made  
19 in promoting Windows products. Since it announced the first Windows product in 1983, Microsoft has  
20 spent over a billion dollars in marketing and promotion, including over \$200 million in fiscal year 2002  
21 for the launch of Microsoft Windows XP. Van Alstyne Decl. ¶ 6.

22 Microsoft distributes its Windows products through a variety of channels, but the vast majority  
23 are sold directly to companies such as Dell Computer Corporation and Compaq Computer Corporation,

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1 which are known as original equipment manufacturers (“OEMs”). The OEM typically manufactures  
2 the personal computer and installs a copy of Windows before selling the package to the consumer for a  
3 single price. Microsoft I, 84 F. Supp. 2d at 13. In his Findings of Fact in United States v. Microsoft,  
4 Judge Jackson found that “OEMs are the most important direct customers for operating systems for  
5 Intel-compatible personal computers,” and “without significant exception, all OEMs pre-install  
6 Windows on the vast majority of PCs that they sell . . . .” Id. at 24. The court also found that OEMs are  
7 “surrogates for [individual] consumers in identifying reasonably-available commercial alternatives to  
8 Windows.” Id. In addition to OEMs, Microsoft licenses Windows and Windows upgrades to corporate  
9 customers and distributes the same products directly to individual retail consumers through retail and  
10 mail order outlets and via the Internet. See Van Alstyne Decl. ¶ 2. In 2002, approximately 5% of all  
11 Windows licenses were sold through retail outlets, including Microsoft’s online store. Van Alstyne  
12 Decl. in Supp. of Reply ¶ 3.

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## 15 **V. Lindows.com and Lindows OS**

16 Lindows.com was founded in July 2001 by Michael Robertson, who also is the founder and  
17 former CEO of MP3.com, Inc. The company is developing an operating system called Lindows OS  
18 which is based on the Linux operating system and has the ability to run software applications developed  
19 for both the Linux and Windows operating systems. See Robertson Supp. Decl. ¶¶ 2-3; Tessier Decl.  
20 Exs. F-2 to F-4. Lindows OS will also feature a GUI that resembles the overlapping windows GUI of  
21 Microsoft Windows. See Tessier Decl. Ex. F-2. Linux is an “open-source” operating system that was  
22 created and is continuously updated by a corps of freelance software developers. Microsoft I, 84 F.  
23 Supp. 2d at 23. The majority of Linux’s ten to fifteen million users merely employ the operating system  
24 to run servers, not personal computers. Id. Because software applications typically can only be run on  
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